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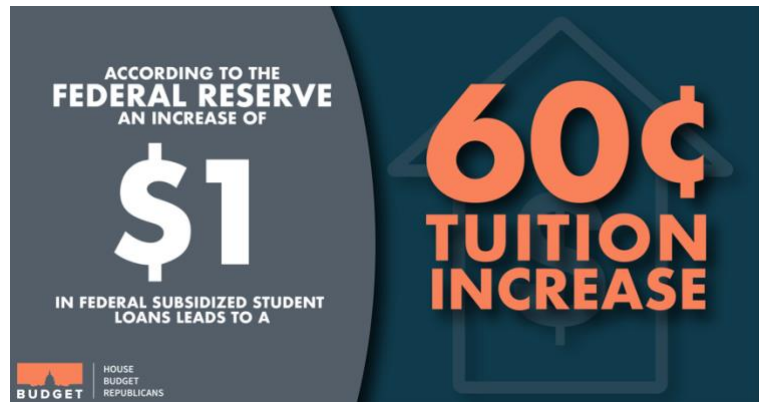
The Cost of “Free” College

Several proposals have been introduced in the 116th Congress with the goal of expanding access to higher education for all Americans. One such proposal would provide substantial student loan debt cancellation, provide free public two-year and four-year college, and increase spending on federal student aid programs. While these proposals sound good, they would dramatically increase federal spending, fail to help the students most in need of support, and double down on the flaws within the existing federal financial aid system.

There Is No Such Thing As “Free” College. Experts estimate that the total cost of this proposal would be roughly \$1.25 trillion over 10 years.¹ The plan would distribute \$50,000 in debt cancellation for individuals with a household income under \$100,000. For households making between \$100,000 and \$250,000, the \$50,000 cancellation phases out by \$1 for every \$3 in income above \$100,000. This one-time cancellation alone is estimated to cost \$640 billion. In addition to these costs, the plan would provide “free,” public, two-year and four-year college, increase funding for Pell Grants, and create a fund with a minimum balance of \$50 billion for Historically Black Colleges & Universities and Minority-Serving Institutions, among other changes. How is this costly “free” college proposal paid for? Tax hikes, of course. Some economists have even warned that this proposal would **require raising taxes on the middle class.**²

“Free” College Does Nothing to Make Higher Education More Affordable. This plan would have harmful effects on the federal budget and does not target the students most in need of support. As economist Michael Strain points out, **“it is a giveaway to relatively higher-income people — a giveaway they don’t need,”**³ since the plan would allow households with high incomes to enjoy debt cancellation and free public college. Education expert Frederick M. Hess added that the **“proposal disproportionately benefits affluent families ... while some borrowers may need targeted relief, it’s not clear what problem... [the] hugely expensive proposal is intended to solve.”**⁴

Additionally, **the plan offers no reforms to drive down the costs of tuition and fees**, which have skyrocketed over the last several decades. According to the National Center for Education Statistics, the cost of a public education rose by 34 percent from 2005-06 to 2015-16, after accounting for inflation.⁵ A study by the New York Federal Reserve found that on average, for every dollar increase in federal subsidized student loans, tuition increased by 60 cents.⁶ As the USA Today Editorial Board put it, “throwing more money at universities is not the solution. In fact, a good case can be made that it is a part of the problem.”



Republican Solutions to Make Higher Education More Affordable. The proposal does not adequately address the causes of high college costs, nor does it target those who truly need the assistance. In fact, it would **drive up the cost of tuition, add to our nation’s existing \$22 trillion in federal debt, and hurt taxpayers.** Republicans support reforms that streamline student loan financing, hold colleges and universities responsible for reining in costs, and provide targeted support for students and families most in need. As the USA Today Editorial Board put it, “Any higher education plan should start with halting the cost increases so that any additional money spent by taxpayers actually goes to making college more affordable. [The proposal’s] approach would do the opposite.”

¹ <https://medium.com/@teamwarren/im-calling-for-something-truly-transformational-universal-free-public-college-and-cancellation-of-a246cd0f910f>

² <https://www.newsweek.com/economists-question-elizabeth-warren-free-tuition-plan-1402635>

³ <https://www.bloomberg.com/opinion/articles/2019-04-23/warren-s-student-debt-giveaway-to-millennials>

⁴ <https://spectator.us/warren-college-debt-suckers/>

⁵ <https://nces.ed.gov/fastfacts/display.asp?id=76>

⁶ https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr733.pdf